Supreme Court, U.S.
FILED
NOV 17 1987
JOSEPH F. SPANIOL, JR.
CLERK

No. 87-478 (2)

In the Supreme Court of the United States

OCTOBER TERM, 1987

ROBERT P. POPOVICH, ET AL., PETITIONERS

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

MEMORANDUM FOR THE UNITED STATES IN OPPOSITION

CHARLES FRIED
Solicitor General
Department of Justice
Washington, D.C. 20530
(202) 633-2217

1988

TABLE OF AUTHORITIES

Page

Cases:

EEOC v. *Bell Helicopter Co.*, 426 F. Supp. 785 (N.D. Tex. 1976) 4
EEOC v. *Moore Group, Inc.*, 416 F. Supp. 1002 (N.D. Ga. 1976) 4
INS v. *Hibi*, 414 U.S. 5 (1973) 4
Nevada v. *United States*, 463 U.S. 110 (1983) 4
United States v. *Beebe*, 127 U.S. 338 (1888) 4
Utah Power & Light Co. v. *United States*, 243 U.S. 389 (1917) 4

Statutes:

Act of Dec. 12, 1980, Pub. L. No. 96-517, 94 Stat. 3015:
§ 6(a), 94 Stat. 3019 5
§ 8(f), 94 Stat. 3028 5
Administrative Procedure Act, 5 U.S.C. 551 *et seq.*:
5 U.S.C. 555 ..... 1, 3, 4
5 U.S.C. 555(b) 3
5 U.S.C. 706 ..... 1, 2, 3, 4
5 U.S.C. 706(1) 3
5 U.S.C. 706(2)(D) 3
35 U.S.C. (& Supp. III) 201 5
35 U.S.C. (& Supp. III) 202 5
35 U.S.C. (Supp. III) 202(c)(1) 5

In the Supreme Court of the United States

OCTOBER TERM, 1987

No. 87-478

ROBERT P. POPOVICH, ET AL., PETITIONERS

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

MEMORANDUM FOR THE UNITED STATES IN OPPOSITION

Petitioners contend that the court appeals erred when it held that Sections 555 and 706 of the Administrative Procedure Act (APA) (5 U.S.C. 555, 706), do not bar, on laches grounds, a declaratory judgment action filed by the United States. Petitioners also contend that the court of appeals' judgment contravenes federal patent law policy.

1. In May 1973, the Department of Health and Human Services (HHS) awarded petitioner University of Texas System (UTS) a contract for intensive research into peritoneal dialysis. Petitioner Popovich, an assistant professor of chemical and biomedical engineering at the University of Texas at Austin, was named the principal investigator under the contract, and petitioner Moncrief, a physician in private practice, was co-investigator of research. The contract contained a clause requiring UTS to notify HHS when an invention is "made in the course of or under" the contract, and made rights in all such inventions subject to government ownership and disposition. Pet. App. A3-A4, B1.

In the course of the contract, Popovich and Moncrief developed a new medical treatment—termed Continuous Ambulatory Peritoneal Dialysis (CAPD)—for patients suffering from acute renal failure. In March 1977, Popovich filed for a patent on the CAPD invention, and in December 1980 patent number 4,239,041 was issued to Popovich and Moncrief. Pet. App. A4, B2.

In February 1978, HHS became aware of the pending patent application. The agency questioned the ownership of the invention and, over the next six years, the government and petitioners negotiated in an effort to resolve the ownership dispute. In February 1984, after negotiations had failed, the United States filed the present action. The government sought a declaration that the invention was made under the research contract; that it belonged to the United States; and that the government was entitled to an accounting of, and a constructive trust over, all funds generated by the patent. Pet. App. A4, B2.

2. The district court granted summary judgment, dismissing the government's claim (Pet. App. B1-B7). It held, first (*id.* at B3-B5), that the United States was barred by the doctrine of laches from bringing the action. The court reasoned that there was an "inordinate amount of time between Plaintiff's notice of the CAPD invention and the filing of the suit" (*id.* at B4), and that the government's failure to notify petitioners that it planned to file a lawsuit was unduly prejudicial (*id.* at B4-B5). The court also held (*id.* at B5-B6) that the government's action was barred by Section 706 of the APA (5 U.S.C. 706). It explained that " '[t]he doctrine of laches is entirely overlapped * * * by the Administrative Procedure Act, 5 U.S.C. § 706' " (Pet. App. B6 (citation omitted)). The court accordingly held that the elements of Section 706 had been satisfied.

3. The court of appeals unanimously reversed (Pet. App. A1-A10). Relying on a prior Fifth Circuit decision "apparently overlooked by the district court" (*id.* at A5),

the court held that "laches may not be asserted as a defense against the United States when it is acting in its sovereign capacity to enforce a public right or protect the public interest." The court further held (*id.* at A6-A10) that Sections 555 and 706 of the APA do not bar the government's lawsuit. Examining the text and legislative history, the court explained (Pet. App. A7) that Sections 555 and 706 authorize courts "to compel an agency to act where it has failed or refused to act, or has unreasonably delayed acting, in disregard of its congressional mandate." But it found that "the plain language of the statute provides no authority for dismissing the action of the HHS" (Pet. App. A9).[1]

4. Section 555(b) of the APA provides, in pertinent part, that "[w]ith due regard for the convenience and necessity of the parties or their representatives and within a reasonable time, each agency shall proceed to conclude a matter presented to it." Section 706 of the APA provides, in pertinent part, that reviewing courts shall "compel agency action unlawfully withheld or unreasonably delayed" (§ 706(1)) and shall "hold unlawful and set aside agency action, findings, and conclusions found to be * * * without observance of procedure required by law" (§ 706(2)(D)). As the court of appeals observed (Pet. App. A10 (footnote omitted)), those sections by their terms "grant authority to the courts to compel agency action unreasonably delayed, but do not incorporate the equitable doctrine of laches into judicial review of the timeliness of actions brought by an agency in pursuit of its responsibilities."

Petitioners do not dispute that the plain language of Sections 555 and 706 offers no support for the defense of laches. Instead, they cite (Pet. 5) the legislative history of

---

[1] The court also reversed the district court's dismissal of UTS as a defendant, finding it "manifest that the demands against UTS should not have been dismissed" (Pet. App. A10).

the APA, asserting that Congress intended the government to "conduct itself so as to promptly resolve agency matters and thereby avoid prejudice to private citizens." That is undoubtedly true, but it furnishes no authority for deriving a laches defense from the text of Sections 555 and 706. Indeed, if Congress had intended to create such a defense, it would assuredly have spoken more plainly, because to do so would repudiate the "general rule [that] laches or neglect of duty on the part of officers of the Government is no defense to a suit by it to enforce a public right or protect a public interest" (*Utah Power & Light Co.* v. *United States*, 243 U.S. 389, 409 (1917)). Accord *Nevada* v. *United States*, 463 U.S. 110, 141 (1983); *INS* v. *Hibi*, 414 U.S. 5, 8 (1973); *United States* v. *Beebe*, 127 U.S. 338, 344 (1888).

Petitioner's reliance on the district court decisions in *EEOC* v. *Moore Group, Inc.*, 416 F. Supp. 1002 (N.D. Ga. 1976), and *EEOC* v. *Bell Helicopter Co.*, 426 F. Supp. 785 (N.D. Tex. 1976), is misplaced. Those courts were bound by, and relied on, Fifth Circuit precedent (see *Bell Helicopter Co.*, 426 F. Supp. at 790-791; *Moore Group, Inc.*, 416 F. Supp. at 1004), which the Fifth Circuit in the present case expressly disapproved (Pet. App. A7-A10).

5. Petitioners also contend (Pet. 7-9) that the decision of the court of appeals contravenes "Government patent policy," which "favors prompt disposition of patent rights in recognition of their influence on technology development" (*id.* at 7-8). Petitioners forecast that as a result of the court of appeals' decision an agency "can expect that stalling for years will increase its prospects for getting its way, either by hampering an inventor's defense or wearing away his resolve to persist in keeping what he created" (*id.* at 9). Petitioners did not make that contention in their brief in the court of appeals, and that court accordingly refused to entertain the claim at oral argument. In any event, an untethered appeal to the general policies of the

patent law cannot justify a construction of the APA that is unwarranted by its text.[2]

It is therefore respectfully submitted that the petition for a writ of certiorari should be denied.

CHARLES FRIED
Solicitor General

NOVEMBER 1987

---

[2] Petitioners refer in passing (Pet. 7-8) to the 1980 amendments to Title 35, Act of Dec. 12, 1980, Pub. L. No. 96-517, § 6(a), 94 Stat. 3019, which provide, in pertinent part, that universities and small business firms may, under specified conditions, retain title to inventions created during the performance of a government contract. See 35 U.S.C. (& Supp. III) 201, 202. By their terms, however, the 1980 amendments do not govern the contract in this case, since the amendments did not become effective until June 12, 1981. See § 8(f), 94 Stat. 3028. Moreover, under the 1980 amendments, a university or contractor must apprise the government of any new invention, and the failure to do so permits the government to "receive title" to the invention (35 U.S.C. (Supp. III) 202(c)(1)). The United States brought the present action precisely because petitioners failed to notify the government of the CAPD invention.

U.S. GOVERNMENT PRINTING OFFICE: 1987—202-037/60106